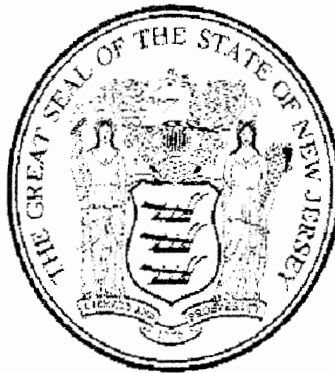


QUARTERLY REPORT

LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

FOR THE QUARTER ENDED SEPTEMBER 30, 2005

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



BALANCE SHEETS

AS OF SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (c)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 22,516	\$ 18,931
2	Marketable securities (Short Tm. money market at cost).....	2,106	12,815
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2005, \$1,425; 2004, \$1,677)..... Note 2.....	8,414	7,167
4	Inventories.....	2,357	1,980
5	Prepaid Expenses and Other Current Assets..... Note 3.....	8,156	7,363
6	Total Current Assets.....	43,549	48,256
7	Investments, Advances, and Receivables..... Note 4.....	11,459	11,168
8	Property and Equipment - Gross.....	306,641	281,862
9	Less: Accumulated Depreciation and Amortization.....	(49,780)	(32,605)
10	Property & Equipment - Net.....	256,861	249,257
11	Other Assets.....	5,158	7,196
12	Total Assets.....	\$ 317,027	\$ 315,877
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 7,844	\$ 5,640
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other.....	3,326	4,858
17	Income Taxes Payable and Accrued.....	-	859
18	Other Accrued Expenses..... Note 5.....	16,837	16,120
19	Other Current Liabilities..... Note 6.....	6,586	3,636
20	Total Current Liabilities.....	34,593	31,113
	Long-Term Debt:		
21	Due to Affiliates..... Note 7.....	177,519	176,970
22	Other..... Note 7.....	18,990	16,012
23	Deferred Credits.....	6,011	5,591
24	Other Liabilities.....	-	-
25	Commitments and Contingencies..... Note 1.....	-	-
26	Total Liabilities.....	237,113	229,686
27	Stockholders, Partners', or Proprietor's Equity.....	79,914	86,191
28	Total Liabilities and Stockholders' Equity.....	\$ 317,027	\$ 315,877

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (c)
	Revenue:		
1	Casino.....	\$ 204,321	\$ 193,064
2	Rooms.....	17,479	13,451
3	Food and Beverage.....	18,175	18,748
4	Other.....	4,655	6,848
5	Total Revenue.....	244,630	232,111
6	Less: Promotional Allowances.....	56,252	53,161
7	Net Revenue.....	188,378	178,950
	Costs and Expenses:		
8	Cost of Goods and Services.....	126,970	120,519
9	Selling, General, and Administrative.....	29,593	33,425
10	Provision for Doubtful Accounts.....	358	58
11	Total Costs and Expenses.....	156,921	154,002
12	Gross Operating Profit.....	31,457	24,948
13	Depreciation and Amortization.....	15,989	12,176
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) from Operations.....	15,468	12,772
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... Note 8.....	(15,941)	(11,837)
18	Interest (Expense) - External.....	(1,124)	(442)
	Investment Alternative Tax and Related Expense,		
19	Net of Amortization of \$0 and \$0 Respectively.....	(697)	(1,393)
20	Nonoperating Income (Expense) - net.....	481	1,549
21	Total Other Income (Expenses).....	(17,281)	(12,123)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(1,813)	649
23	Provision (Credit) for Income Taxes.....	414	1,489
24	Income (Loss) Before Extraordinary Items.....	(2,227)	(840)
25	Extraordinary Items (net of income tax benefit).....	-	-
26	Net Income (Loss).....	\$ (2,227)	\$ (840)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (c)
	Revenue:		
1	Casino.....	\$ 75,774	\$ 75,360
2	Rooms.....	7,084	6,604
3	Food and Beverage.....	7,369	7,792
4	Other.....	2,177	2,206
5	Total Revenue.....	92,404	91,962
6	Less: Promotional Allowances.....	23,019	21,345
7	Net Revenue.....	69,385	70,617
	Costs and Expenses:		
8	Cost of Goods and Services.....	46,083	45,914
9	Selling, General, and Administrative.....	10,566	11,719
10	Provision for Doubtful Accounts.....	250	119
11	Total Costs and Expenses.....	56,899	57,752
12	Gross Operating Profit.....	12,486	12,865
13	Depreciation and Amortization.....	6,284	4,959
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) from Operations.....	6,202	7,906
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....	(5,316)	(5,301)
18	Interest (Expense) - External.....	(366)	(250)
19	Investment Alternative Tax and Related Expense, Net of Amortization of \$0 and \$0 Respectively.....	(296)	(314)
20	Nonoperating Income (Expense) - net.....	179	508
21	Total Other Income (Expenses).....	(5,799)	(5,357)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	403	2,549
23	Provision (Credit) for Income Taxes.....	621	1,321
24	Income (Loss) Before Extraordinary Items.....	(218)	1,228
25	Extraordinary Items (net of income tax benefit).....	-	-
26	Net Income (Loss).....	\$ (218)	\$ 1,228

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2003.....	1,000,000	\$ 1,000		\$	\$ 76,673		\$ 9,358	\$ 87,031
2	Net Income (Loss) - 2004.....							(4,890)	(4,890)
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....								
5	Prior Period Adjustments.....								
6	Sale of Hedging Instrument.....								-
7	Changes in value of stock options granted to employees and consultants.....								-
8								
9								
10	Balance, December 31, 2004.....	1,000,000	1,000			76,673		4,468	82,141
11	Net Income (Loss) - 2005.....							(2,227)	(2,227)
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Changes in value of stock options granted to employees and consultants.....								-
15								-
16								-
17								-
18								-
19	Balance, September 30, 2005.....	1,000,000	\$ 1,000		\$	\$ 76,673	\$	\$ 2,241	\$ 79,914

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
1	Net Cash Provided (Used) by Operating Activities.....	\$ 10,914	\$ 9,492
	Cash Flows From Investing Activities:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(14,397)	(69,232)
5	Proceeds from Disposition of Property and Equipment.....	28	1,638
6	Purchase of Casino Reinvestment Obligations.....	(2,328)	(2,091)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	CRDA Reimbursement.....	-	579
11		-	-
12	Net Cash Provided (Used) By Investing Activities.....	(16,697)	(69,106)
	Cash Flows From Financing Activities:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	5,000	-
14	Payments to Settle Short-Term Debt.....	(5,000)	(1,919)
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	14,661
16	Costs of Issuing Debt.....	(92)	(157)
17	Payments to Settle Long-Term Debt.....	(1,462)	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Other Financing Activities.....	-	-
22	Advances from (Repayment to) Parent Company and Affiliates.....	-	-
23	Net Cash Provided (Used) By Financing Activities.....	(1,554)	12,585
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(7,337)	(47,029)
25	Cash and Cash Equivalents at Beginning of Period.....	31,959	78,775
26	Cash and Cash Equivalents at End of Period.....	\$ 24,622	\$ 31,746

	Cash Paid During Period For:		
27	Interest (Net of Amount Capitalized).....	\$ 21,814	\$ 17,083
28	Income Taxes (Net of amounts refunded).....	\$ (391)	\$ 1,038

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (c)
	Net Cash Flows From Operating Activities:		
29	Net Income.....	\$ (2,227)	\$ (840)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	13,771	9,677
31	Amortization of Other Assets.....	2,218	2,499
32	Amortization of Debt Discount or Premium.....	416	371
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	(572)	-
35	(Gain) Loss on Disposition of Property and Equipment.....	(28)	(1,148)
36	(Gain) Loss on Casino Reinvestment Obligations.....	697	1,393
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks	(2,883)	(1,992)
39	Net (Increase) Decrease in Inventories.....	(25)	(477)
40	Net Decrease (Increase) in Other Current Assets.....	1,175	(303)
41	Net Decrease (Increase) in Other Assets.....	861	365
42	Net Increase (Decrease) in Accounts Payable.....	(3,112)	2,250
	Net (Decrease) Increase in Other Current Liabilities		
43	Excluding Debt.....	623	(2,303)
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	-	-
45	Loss on extinguishment of debt.....	-	-
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 10,914	\$ 9,492

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Acquisition of Property and Equipment:		
48	Additions to Property and Equipment.....	\$ 14,397	\$ 69,232
49	Less: Capital Lease Obligations incurred.....	-	-
50	Cash Outflows for Property and Equipment.....	\$ 14,397	\$ 69,232
	Acquisition of Business Entities:		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	Stock Issued or Capital Contributions:		
57	Total Issuances of Stock or Capital Contributions.....	\$ -	\$ -
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (in thousands) (d)	Number of Recipients (e)	Dollar Amount (in thousands) (f)
1	Rooms	153,352	\$ 12,886	123	\$ 19
2	Food	928,471	10,227	96,210	996
3	Beverage	495,874	2,228	-	-
4	Travel	-	-	19,710	1,328
5	Bus Program Cash	357,166	5,595	-	-
6	Other Cash Complimentaries	915,439	24,128	-	-
7	Entertainment	26,321	1,028	1,326	218
8	Retail & Non-Cash Gifts	3,737	37	1,388	281
9	Parking	-	-	-	-
10	Other	5,439	123	44,047	896 *
11	Total	2,885,799	\$ 56,252	162,804	\$ 3,738

* Included in Other Promotional Expenses for the nine months ended September 30, 2005 are tobacco complimentaries in the amount of \$274,000. No other single item or service included in other exceeds 5% of the column total.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	62,109	\$ 5,205	61	\$ 9
2	Food	337,552	3,994	34,468	401
3	Beverage	137,276	825	-	-
4	Travel	-	-	9,145	413
5	Bus Program Cash	135,378	2,451	-	-
6	Other Cash Complimentaries	472,311	9,893	-	-
7	Entertainment	17,078	587	478	99
8	Retail & Non-Cash Gifts	1,236	11	431	41
9	Parking	-	-	-	-
10	Other	2,119	53	15,124	289 *
11	Total	1,165,059	\$ 23,019	59,707	\$ 1,252

* Included in Other Promotional Expenses for the three months ended September 30, 2005 are tobacco complimentaries in the amount of \$113,000. No other single item or service included in other exceeds 5% of the column total.

**RESORTS INTERNATIONAL HOTEL INC.
NOTES TO FINANCIAL STATEMENTS**

1. Basis of Presentation

Colony RIH Holdings, Inc., a Delaware corporation ("CRH"), owns 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc., also a Delaware corporation ("RIHC"). CRH also owns 100% of the common stock of Resorts Real Estate Holdings, Inc. ("RREH"), a New Jersey corporation formed on April 1, 2003 to acquire certain land subject to an option agreement ("Option Agreement") between Kerzner International North America, Inc. ("KINA") and RIHC. RIHC, through its wholly-owned subsidiary, Resorts International Hotel, Inc., a New Jersey corporation ("RIH" or the "Company"), owns and operates Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ.

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of 11½% first mortgage notes (the "First Mortgage Notes") (see Note 7, "Long-Term Debt"). Concurrent with the sale of the First Mortgage Notes, CRH issued class A common stock and class B common stock to its existing shareholders for a total price of approximately \$35.0 million. The proceeds from the sale of the First Mortgage Notes and issuance of stock were used to retire existing debt and to finance the cost to develop, construct and equip a new hotel tower (the "Hotel Expansion Project"). As of September 30, 2004, the proceeds from the sale of the First Mortgage Notes deposited in the construction disbursement account to help finance new development have been depleted. Additionally, \$10.0 million of the proceeds from the issuance of stock were deposited in a liquidity disbursement account to be used for working capital in the event that RIH's Adjusted Consolidated EBITDA, as defined in the First Mortgage Notes Indenture, for any four fiscal quarters ending on or prior to December 31, 2004, is less than \$28 million. At the end of the measurement period referred to in the previous sentence, RIHC was permitted to secure a release of any unutilized amount in the liquidity disbursement account, which totaled approximately \$9.7 million. Funds related to the liquidity disbursement account have been earmarked for short term construction projects during 2005, and may be returned to Colony Capital, LLC in 2006.

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Casino Control Commission (the "Commission") for Quarterly Reports. Accordingly, they do not include the information and footnotes required by generally accepted accounting principals for complete financial statements.

These accompanying financial statements are unaudited. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for fair presentation have been included. The casino industry is seasonal in nature; accordingly, operating results for the three months and nine months ended September 30, 2005, are not necessarily indicative of the results that may be expected for the final close of the year ended December 31, 2005.

These financial statements should be read in conjunction with the financial statements and notes thereto included in RIH's Quarterly Report for the quarter ended December 31, 2004, as filed with the Commission.

2. Receivables

Components of receivables were as follows at September 30 (in thousands):

	2005	2004
Gaming	\$ 6,181	\$ 6,102
Less: allowance for doubtful accounts.....	(1,398)	(1,645)
	<u>4,783</u>	<u>4,457</u>
Non-gaming:		
Hotel and related.....	494	639
Due from affiliates.....	1,505	--
Other	1,659	2,103
	<u>3,658</u>	<u>2,742</u>
Less: allowance for doubtful accounts.....	(27)	(32)
	<u>3,631</u>	<u>2,710</u>
Receivables, net.....	<u>\$ 8,414</u>	<u>\$ 7,167</u>

3. Prepaid Expenses and Other Current Assets

Components of prepaid expenses and other current assets were as follows at September 30 (in thousands):

	2005	2004
Current portion deferred income taxes.....	\$ 4,804	\$ 4,294
Income tax receivable.....	90	-
Other.....	3,262	3,069
	<u>\$ 8,156</u>	<u>\$ 7,363</u>

4. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at September 30 (in thousands):

	2005	2004
CRDA bonds and direct investments.....	\$ 10,539	\$ 13,443
CRDA deposits.....	9,928	6,194
Valuation allowance.....	(9,008)	(8,469)
	<u>\$ 11,459</u>	<u>\$ 11,168</u>

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by the Casino Reinvestment Development Authority (the "CRDA") or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for the nine months ended September 30, 2005 and 2004 for discounts on obligations were \$697,000 and \$1.4 million respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. The majority of the Company's deposits have been pledged for specific projects.

5. Other Accrued Expenses

Components of other accrued expenses were as follows at September 30 (in thousands):

	2005	2004
Insurance and related costs.....	\$ 1,605	\$ 2,063
Payroll and related liabilities.....	8,174	7,455
Gaming taxes and fees.....	1,810	2,662
Construction retainage payable.....	1,151	--
Other.....	4,097	3,940
	<u>\$ 16,837</u>	<u>\$ 16,120</u>

6. Other Current Liabilities

Components of other current liabilities were as follows at September 30 (in thousands):

	2005	2004
Interest Payable.....	\$ 874	\$ 877
Payable to affiliates.....	2,517	--
Other.....	3,195	2,729
	<u>\$ 6,586</u>	<u>\$ 3,636</u>

7. Long-Term Debt

Due to Affiliates

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of First Mortgage Notes at a price of 97.686% yielding \$175.8 million. Interest on the First Mortgage Notes is payable on March 15 and September 15 of each year, and the First Mortgage Notes are due in full on March 15, 2009. In conjunction with the issuance of the First Mortgage Notes, RIHC issued a note to RIH with terms that mirror those of the First Mortgage Notes.

The First Mortgage Notes contain certain covenants that, among other things, limit RIHC's ability and the ability of its subsidiaries to pay dividends on, redeem or repurchase its or their capital stock, make investments, incur additional indebtedness, permit payment of or restrict dividends by certain of its subsidiaries, enter into sale leaseback transactions, sell assets, guarantee indebtedness, create certain liens, engage in transactions with affiliates, and consolidate, merge or transfer all or substantially all its assets and the assets of its subsidiaries on a consolidated basis.

In connection with the construction of the Hotel Expansion Project, the Company capitalized interest of \$4.1 million during the six months ended June 30, 2004. The Company ceased capitalization of interest during the second quarter of 2004, as the Hotel Expansion Project was ready for its intended use.

Other

Other long-term debt is summarized as follows at September 30 (in thousands):

	2005	2004
Thermal Agreement.....	\$ 6,110	\$ 6,343
CIT Facility	15,956	13,927
Other.....	250	600
	<u>22,316</u>	<u>20,870</u>
Less: current portion.....	3,326	4,858
	<u>\$ 18,990</u>	<u>\$ 16,012</u>

On June 16, 2002, RIH entered into a Thermal Energy Services Agreement (the "Thermal Agreement"). The initial term of the Thermal Agreement is 20 years, renewable at RIH's option for two additional five year terms. The Agreement has three components: a monthly charge for operation and maintenance of the thermal energy facilities; a capital lease component for capital improvements whose value was estimated at \$6.5 million on the date the Thermal Agreement was executed, and; a usage fee for steam and chilled water, whose usage and rate will vary by month of the year. The outstanding balance of the capital lease was \$6.1 million at September 30, 2005.

In June 2002, RIH entered into a \$20.0 million credit facility, the proceeds of which were intended to be used for the acquisition of furniture, fixtures, and equipment. RIHC has guaranteed the obligations of RIH under this equipment credit facility. As of June 30, 2005, RIHC had borrowed \$14.7 million of the equipment credit facility to purchase furniture, fixtures, and equipment for the New Tower and \$4.4 million to purchase additional slot machines to replace existing equipment. The outstanding balance due under this credit facility at June 30, 2005 was \$16.0 million. In March 2005, this credit facility was amended to provide for the suspension of principal payments for one year, commencing April 1, 2005; the outstanding principal balance as of September 30, 2005 will be paid in equal monthly installments commencing April 2006 and ending February 2009.

In November 2002, RIH entered into a Loan and Security Agreement with Commerce Bank, N.A. ("Commerce Facility"). The Commerce Facility provides for working capital borrowings and letters of credit up to \$10 million. The Commerce Facility expires on June 30, 2006. There have been \$4.4 million of standby letters of credit issued against the Commerce Facility, leaving an availability of \$5.6 million as of September 30, 2005. There was no outstanding balance of borrowings as of September 30, 2005.

In January 2004, CRH announced that it had reached agreement with KINA to acquire the Option Land, subject to the approval of the New Jersey Casino Control Commission, which approval was received on March 17, 2004. Following the approval, the Option Land was acquired by RREH on March 18, 2004 in exchange for the issuance of a \$40 million note by RREH to KINA. No principal payments are required on the \$40 million note until it reaches maturity. The note payable to KINA is guaranteed by CRH, RIHC and RIH, provided, however that the guarantee of RIHC and RIH does not become effective until either the First Mortgage Notes have been paid in full or the fixed charge coverage ratio (the ratio of Consolidated EBITDA to Fixed Charges, all as further defined in the First Mortgage Notes Indenture) of RIHC is at least 2.0 to 1.0. In addition, the amount guaranteed was initially limited to \$20 million increasing by \$5 million each year, totaling \$25 million at September 30, 2005.

In the second quarter of 2004, RIH completed a like-kind exchange of its warehouse for a new warehouse facility. The transaction included the receipt of approximately \$1.2 million from the sale of the old warehouse, the proceeds of which were combined with a \$600,000 note (the "Warehouse Note") to purchase the new facility. The Warehouse Note has an interest rate of 6%, with fixed payments of principal and interest due in December 2004, February 2005 and February 2006. The outstanding balance of the Warehouse Note was \$250,000 at September 30, 2005.

8. Related Party Transactions

RIH recorded the following expenses from affiliates for the nine months ended September 30 (in thousands):

	2005	2004
Interest and amortization of discounts on First Mortgage Notes.....	\$ 15,941	\$ 15,896
Interest expense on hedging instruments	-	1
Less: capitalized interest.....	-	(4,060)
	<u>\$ 15,941</u>	<u>\$ 11,837</u>

9. Income Taxes

The benefit for income taxes for the nine months ended September 30, 2005, is different than the amount computed at the United States statutory rate due to certain non-deductible items and state income taxes, which are calculated under an alternative minimum assessment of a percentage of gross revenues.

On June 30, 2003, the State of New Jersey amended the Casino Control Act, effective July 1, 2003, to impose or increase certain taxes and fees, including a tax at the rate of 7.5% on the adjusted net income of casino licenses in calendar year 2002, payable in the state's fiscal years 2004 through 2006. The amount of this tax for each licensee is limited to a maximum of \$10.0 million annually and a minimum of \$350,000 annually. For the three- and nine-month periods ended September 30, 2005 and 2004, the Company recorded provisions of \$88,000 and \$263,000, respectively, for this tax.

On July 3, 2002, the State of New Jersey passed the New Jersey Business Tax Reform Act which, among other things, requires the suspension of the use of the New Jersey net operating loss carry-forwards for two years and the introduction of a new alternative minimum amount ("NJAMA") under the New Jersey corporate business tax based on gross receipts or gross profits, as defined. This tax was retroactive to January 1, 2002. Amounts paid under this alternative minimum assessment can be used as a credit to offset future taxable income, and such credit has an unlimited expiration period. As such, the Company has recorded a deferred tax asset of \$1.5 million, net of federal benefit, as September 30, 2005.

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during this year.



Signature

Senior Vice President of
Finance and Chief Financial Officer

Title

008227-11

License Number

On Behalf Of:

RESORTS INTERNATIONAL HOTEL, INC.

Casino Licensee